

Polska



Polish Success Stories in the US:
INGLOT

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Asking a company how many shops it has is normally a straight forward question. But in the case of Inglot, a Polish cosmetics business, the company is growing so quickly that the question prompts a hurried discussion between the owner and a senior manager.

The logo for the company 'INGLOT' is displayed in a bold, white, sans-serif font. The letters are contained within a solid black rectangular box.

“We had 145 foreign shops when we took off to the US for a business trip two weeks ago,” says Joanna Kobrylo, the company’s vice-president, before correcting herself. “Wait a minute, I forgot that in the meantime a shop opened in Azerbaijan. That makes 146!...!! for now.” There are also 160 outlets in Poland.

Wojciech Inglot, the owner and founder, sits in a wine bar in a shopping mall in central Warsaw with a glass of red in hand after arriving back from a hectic US trip on which he stopped off in New York, Los Angeles, Hawaii, New York again and then Warsaw. “It wasn’t a holiday,” he says with a grimace. Glancing at the label on the wine bottle, he notes that it comes from Uruguay. “That’s funny - I’ve got someone there right now looking at the prospects in Montevideo,” he says.

The scope of the business is a far cry from its origins in the mid-1980s, when Mr. Inglot abandoned his job as a chemist in a government-owned pharmaceutical company and took advantage of a command by the communist military dictator Wojciech Jaruzelski that forced state companies to sell off unneeded equipment. Spurred by the example of relatives in the US, whom he had visited in the 1970s to earn precious hard currency, and where he had been bedazzled by the enormous variety of cosmetics, Mr. Inglot seized the chance to strike out on his own. This was despite the stifling orthodoxy of communism that still gripped Poland after the imposition of martial law in 1981- 83. “Even then, I was certain that Poland would turn into a normal country,” he says.

Using some of his own money and that of his sister, Mr Inglot bought machinery and began to produce cleaning fluid for cassette players, before moving on to making stick deodorants. He started making nail polish in 1987, offering a dash of color in a grey and beaten-down country where better cosmetics were available only in special shops that sold goods for hard currency.

Mr. Inglot was at the front of a wave of Polish business creation that started in late communist times and flourished once a market economy was restored in 1989 - when those with the gumption to start a business could make money very quickly. There was such a dearth of attractive products in that period that the biggest challenge was to supply a product to market; once there, shoppers snatched it up. But those easy sales ended with the collapse of communism. With the resulting opening of Polish markets, branded western consumer products flooded in, challenging domestic producers, many of which went bust. Mr. Inglot was forced to improvise quickly, first packaging his products more attractively, then allowing women to test make-up before buying - something of a novelty in Poland. Then he took what was probably his most important decision: he pulled his products from more than 3,000 pharmacies and supermarkets and decided to set up his own retail outlets in the shopping malls that were springing up in Polish cities.

“Our point of difference was the size of our collection. It was completely impossible to show everything in a normal retail shop where we were competing for shelf space with international cosmetics companies,” says Mr. Inglot. That risky move led to an initial steep fall in sales, but ended by opening up the world for Inglot. A Polish-Canadian businessman was walking through a Warsaw shopping centre when he noticed Inglot’s “island” display in the middle of a passageway. Enticed, he decided to open a shop in Montreal in 2006. That led to a businessman from Dubai spying the Canadian shop and deciding to open a similar shop in the Middle East. As one location led to another, from Istanbul to Kuala Lumpur, Dublin and Aruba, the company developed an innovative model for franchise start-ups. Inglot’s factory in Przemysl, on Poland’s border with Ukraine, makes the eyeshadow, blusher, nail polish and lipstick as well as display counters, furniture and advertising leaflets. It packs everything into a container, which is shipped to the new location and accompanied by trainers to teach the locals. (The one exception was India, whose fierce customs rules forced Inglot to source furniture locally.) “A shop can be set up in 24 hours,” he boasts.

The company charges no franchise fees, instead earning money by selling products to its franchisees. Last year, Inglot sold \$34m of products in Poland, and \$57m abroad; in recent months, foreign sales have risen by 50 per cent a month, says Ms. Kobrylo. The company expects to open about 70 new shops this year.

Mr. Inglot’s investment and expansion strategy is very different from the model followed by other Polish companies, which calls for growth first domestically, followed by a careful expansion to other central and east European countries, and then a jump to bigger neighbors such as Germany and Russia. Developed and distant markets such as the US and Australia are reserved for the final stages of expansion. “Pushing into the west with our unknown brand seemed crazy,” says Mr. Inglot. “But we decided to break the pattern. We decided that we would go to Moscow first through New York and Dubai, not through Warsaw.”

His global experience also allows him to put Polish bureaucracy – often decried as a drag on the economy – into perspective. “The legend about Poland’s impossible bureaucracy is simply not true,” he says. “The entrepreneurial spirit is still here.”

His rise has left Polish rivals behind. In a country still better known abroad for vodka and sausages than cosmetics, Inglot stands out – something that makes its founder glow with pride. “Even after 20 years of economic freedom, no large Polish consumer brand has been created!...!with our humble exception.”

Inglot has decided to keep its production in Przemysl instead of outsourcing to cheaper Asian countries, a bit of patriotism that Mr. Inglot says makes financial sense. “In our case, quality control is the most important. The path from idea to product is also three to five times faster than if we manufactured elsewhere,” he says.

Fending off almost weekly acquisition inquiries from rivals and investment funds, Mr. Inglot spends his happiest times in his Przemysl lab, an echo of his days as a communist-era researcher. “The most fun I have is sitting there late at night and coming up with new products.”



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